

Roles and Responsibilities of WMCA and the 3 LEPs

The statement below sets out the arrangements in the West Midlands. It is recognised that this statement will need to be updated when the West Midlands Local Industrial Strategy (WM LIS) has been published, its implementation plans agreed and resources to deliver it allocated. Respective roles and responsibilities will need to evolve to reflect what is required.

LEP Membership and participation with the WMCA and its associated boards/groups

The three Local Enterprise Partnerships in the West Midlands Combined Authority (WMCA) area, Black Country (BC), Coventry & Warwickshire (CW) and Greater Birmingham and Solihull (GBS) are all non-constituent members (NCM) of the WMCA and have been since its formation. The three LEP Chairs sit on the WMCA Board. As NCMs, the LEPs have a clear role as set out in the WMCA's Constitution and defined voting rights:

NCM Voting Rights

Members appointed by Non-Constituent Authorities may vote on the following matters: -

- (i) adoption of growth plan and investment strategy and allocation of funding by the Combined Authority;*
- (ii) the super Strategic Economic Plan strategy along with its implementation plans and associated investment activity being undertaken using funding provided to the Combined Authority;*
- (iii) the grant of further powers from central government and/or local public bodies that impacts on the area of a Non-Constituent Authority;*
- (iv) land and/or spatial activity undertaken by the Combined Authority within the area of a Non-Constituent Authority;*
- (v) public Service reform which affects the areas of Non-Constituent Authorities*
- (vi) areas of LEP activity relevant to the Non-Constituent Authorities through geographical location or as part of a joint committee;*
- (vii) all Combined Authority matters concerned with education, employment and skills, enterprise and business support, access to finance, inward investment, business regulation, innovation, transport, environmental sustainability, housing, economic intelligence, digital connectivity and regeneration;*
- (viii) future use of business rate retention funding generated beyond that retained within new and existing Enterprise Zones;*
- (ix) specific decisions to bid for and allocate revenue and capital funding provided to the Combined Authority for use in economic development activities;*
- (x) investment activity related to transport and connectivity, not funded by the transport levy and current Maintenance and Integrated Transport blocks.*

Any vote including Members appointed by Non-Constituent Authorities will be carried on a simple majority subject to the requirement of standing order 19.4 that there is a majority of two-thirds of Constituent Members.

Members are responsible to the electorate and their appointing Constituent Authorities or Non-Constituent Authorities and serve only so long as their term of office lasts.

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The WMCA's Constitution sets out that the *“Combined Authority will exercise functions relating to economic growth including but not limited to setting a Combined Authority strategic economic plan and investment strategy in consultation with the Non-Constituent Members”*.

The LEPs have played a driving role in the creation of the SEP and the LIS for the West Midlands and in the work of the **Strategic Economic Development Board**. This Board is chaired by the LEPs and is a strong collaboration of LEPs and local authorities. The Board's remit is to:

- Advise the Combined Authority Board on overarching economic strategy and narrative;
- Prepare and champion an overarching SEP, incorporating the associated LIS and amend as necessary for approval by the Combined Authority Board;
- Manage performance and evaluation of progress in delivering the SEP and LIS.

LEPs are also represented via, Chairs, Board Directors or officers on all the other key boards/groups in the WMCA sub-structure that relate to economic development. This enables LEPs to have a strong voice in development of policy, strategy implementation and funding decisions. This helps to bring the local expertise of LEPs and the experience of the private sector to bear in WMCA decisions and supports the collective desire for the different organisations to add value, play to their strengths and avoid duplication.

LEPs are active members on the following parts of the WMCA structure:

- **Audit, Risk & Assurance Committee – C&W LEP on behalf of the 3 LEPs**

The Audit, Risk and Assurance Committee is a key component of the WMCA's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the Audit, Risk and Assurance Committee is to provide independent assurance to the Authority of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

- **WMCA Investment Board – BC LEP, C&W LEP, GBSLEP**

Make investment decisions for the Combined Authority relating to applications made in accordance with the investment program that underpinned the devolution agreement, and any other investment proposals; including the Collective Investment fund, and Land Remediation Fund and any other funds that the Combined Authority appoints Finance Birmingham to Fund Manage in the future.

Recommend these decisions to the Combined Authority Board for approval.

- **WMCA Employment & Skills Board - BC LEP, C&W LEP, GBSLEP**

To be finalised by WMCA.

- **WMCA Housing and Land Board – C&W LEP and GBSLEP**

To prepare a Housing, One Public Estate and Land Remediation Strategy for consideration by the Combined Authority Board to deliver the Housing, One Public Estate and Land Remediation Delivery Strategy.

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- **West Midlands Innovation Board (WMIB) – BC LEP**

The purpose of the WMIB is to support the growth of research and innovation collaboration in the region and develop a clear, coherent and co-ordinated West Midlands offer to business, government and funders, working with others in the West Midlands and wider-Midlands innovation ecosystem. The WMIB reports to the WMCA SED Board and is chaired by the private sector.

- **Public Service Reform – BCC Ltd (Chief Executive)**

To advise Combined Authority Board on Public Service Reform strategy and policy.

To co-ordinate strategy and working group activity and work programmes.

To present Public Service Reform models and proposals to the Combined Authority Board.

Independent Secretariat

The three LEP Chairs and their Boards are supported by independent secretariats who provide them with appropriate support and advice. LEP officers work closely with partners and stakeholders to ensure that Directors are informed by the views of the broader business community, local authorities and the academic sector. Each LEP provides strategic leadership within their associated areas which helps support, sustainable private sector growth and the creation of jobs, enable innovation, encourage inward investment, engage with local businesses to deliver more effectively and support sustained development of skills for future productivity.

Subsidiarity – the value-add test

The WMCA and the LEPs are committed to having clear, transparent decision-making processes in place which work on the premise of subsidiarity. A suite of Assurance Frameworks are in place which strive to meet best practice guidance and will all adhere to the National Assurance Framework by the end of March 2019.

Decisions relating to each funding stream are made in adherence with the appropriate Assurance Framework for that fund. This helps to ensure that the right organisation and individuals are accountable for that fund and decisions are made on a consistent and equitable basis.

Where projects meet shared priorities and are seeking funding from the WMCA and a LEP, a lead organisation will be agreed. It will be the responsibility of that organisation to take the project through its Assurance Framework and make an independent assessment of the business case which it will share. If the project is successful in its request for funding, the lead partner will monitor delivery, providing assurance to the other partner. This process will ensure that projects only need to follow one process and complete one set of reports.

Accountable Body

The three LEPs each have a single local authority as their Accountable Body and S151 officers who assess the administration of their financial affairs to ensure that appropriate processes are in place which aid transparency, give appropriate control and support the delivery of expected outputs.

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Each LEP in meeting its objectives is accountable for the management of any funding programmes that may be assigned to it together with its own designated Accountable Body. Each work within their agreed local Assurance Framework and take reference of any subsequent government requirements or that of other funding agencies.

The WMCA has separate Accountable Body arrangements.

Where programmes and projects meet shared priorities and are funded through new funding streams, a decision will be made as to the most appropriate Accountable Body to use given the focus of the fund and the body who administers it. The principle of subsidiarity will apply to this decision.

Collaboration and Cross LEP working

The WMCA and LEPs are committed to working together to deliver shared opportunities and challenges and in doing so making the best use of collective resources, experience and expertise.

The three LEPs have a strong track record of working together, pooling funding and skills to deliver shared priorities, for example, the Advanced Manufacturing Supply Chain Initiative, the development of the Midlands Engine Investment Fund, collaboration across the three Growth Hubs and joint investment in Energy Capital. The work with the WMCA builds on this history.

The development of the WMLIS is a good example of how this happens in practice. Development of different elements of the strategy and the delivery plans have been led by the most appropriate part of the partnership. The LEPs have been responsible for the sector plans, developing these on a 3 LEP basis and in recognition of the close links LEPs have with business and work that they have done to date with the sectors themselves.

The sector action plans have been developed in partnership with key industry organisations, ensuring the plans are business-led.

Evidence and data is still an extremely important part of the LIS evidence base, but the addition of qualitative, expert insight is powerful when demonstrating the strength of a sector locally. Furthermore, the spatial dimension of each sector has been explored; this helps us to identify where in the region each sector is particularly strong.

- **BC LEP** leads on four sector action plans: metals and materials, construction, aerospace and rail.
- **GBSLEP** leads on five sector action plans: Life sciences, Creative Industries, Business, Professional & Financial Services, Energy & Low Carbon and Food & Drink.
- **C&WLEP** leads on two sector action plans: Automotive and Logistics

The WMCA coordinated the cross-cutting elements of the strategy, working with LEPs and higher education institutes:

- 4 Grand Challenges – Artificial Intelligence and data; Ageing Society; Clean growth; and Future mobility;
- 5 Foundations of Productivity: ideas, people, business environment, infrastructure and places.

The WMCA led on the identification of the four Strategic Opportunities.

The BCC Ltd has particular skills and expertise in economic data and so provided much of the evidence that underpinned the strategy. This included collating existing knowledge, carrying out further evidence work,

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working with BEIS analysts, sharing expertise with Greater Manchester and setting up an independent “expert panel” to review evidence. This has allowed the WMCA to develop the WM LIS confident that it understands the needs of businesses and communities in the region. Link to [WM LIS Evidence Base](#).

Scrutiny

The WMCA has an Overview and Scrutiny Committee which inputs into policy development and also scrutinises decisions. Each LEP has a private sector representative who sits on the committee, bringing a business perspective to discussions.

Each LEP also has its own scrutiny arrangements.

BC LEP reports on an Annual Basis to each Black Country Local Authority’s Overview and Scrutiny Committee – Dudley MBC, Sandwell MBC, Walsall MBC and City of Wolverhampton. The LEP’s decisions in relation to funding are also submitted to the BCJC, the decisions arising from this meeting are subject to local government scrutiny arrangements to include “request for call-in”. The LEP also has an independent annual review undertaken by their appointed external auditors, which incorporates a compliance review on performance against the Assurance Framework.

The GBSLEP has a Joint Overview and Scrutiny Committee comprising of backbenchers from its nine local authority members. The Committee has a three-year work programme which will explore GBSLEP’s strategy and delivery plans in detail. The Committee has been invited to submit evidence and recommendations to the GBSLEP Board on an annual basis to support the GBSLEP’s desire to continuously improve. As well as overview work, the Committee can also “call-in” decisions of the LEP’s Supervisory Board which is a formal part of the LEP’s governance arrangements in relation to key funding decisions.

CWLEP alternatively addresses the need for audit and scrutiny of all its activities with the engagement of independent expert professional practices. The principal aim of which is to ensure the LEP is operating effectively as per the terms of its agreed assurance framework. CWLEP also ensures it has clear and transparent independent audit of its outputs in terms of value for money and governance, which is undertaken using an external supplier and / or by peer-to-peer review.

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